USDA

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NFC BULLETIN

Title: IV, Central Accounting System Manual

Chapter:

Bulletin: Title IV, 05-1, Description of Charges/Credits for Breakage, Negative Adjustments, and Accounting Adjustments in CAPS

Date: January 5, 2005

To: Agency Fiscal Officers

This bulletin is being issued to inform agencies how to identify the Thrift Savings Plan (TSP) related Correction, Adjustment, Payment System (CAPS) charges/credits in their Central Accounting Interface System (CAIS) file. These charges are the result of breakage, negative adjustments, or accounting adjustments made to a participant's TSP account. **Note:** These charges are not a result of services provided by the National Finance Center (NFC). **Breakage and negative adjustment** charges are calculated by TSP and incurred by NFC as the payroll office on behalf of their serviced agencies. **Accounting adjustments** occur when charges or credits have been processed in NFC's payroll system but could not be posted to a participant's TSP account which results in funds being returned or charged to the agency.

Breakage

Breakage results when earnings are due a participant because a deposit of greater than 30 days old (from the effective pay date the funds were due into the participant's account) has been made to their TSP account. These late deposits are related to agency errors such as late wage grade increases, back pay settlements, or TSP retroactive collections. TSP computes the amount of breakage and places it into the participant's account based on the date the payment record was submitted to TSP. TSP then charges NFC (the payroll office) for the agency's amount due. Once NFC absorbs the charge on behalf of the agency, it then charges the agency's accounting for the amount incurred.

Negative Adjustments

Negative adjustments result when an agency has requested funds to be removed from a participant's account. As a result, NFC's payroll program automatically gives the agency credit for these funds because NFC assumes it's going to receive these funds back from TSP. In some cases, however, TSP removes the funds from the participant's account but does not return the money to the payroll office because the negative adjustments are for items over one year old and by law these funds are to be used to offset administrative expenses. In other cases, TSP is not able to remove and return the original amount to the payroll office because participants have withdrawn their funds from their TSP account or there has been investment losses. Since the agency's accounting has already been credited for the entire amount of the negative adjustment and NFC has incurred the cost as the payroll agency, NFC must then charge the agency for the amount not recoverable by TSP from the participant's account.

Other Accounting Adjustments

Accounting adjustments result when charges or credits previously processed in NFC's payroll system could not be posted to a participant's TSP account and the funds are returned or charged to the agency.

Accounting adjustments are initiated when an agency submits an AD-343, Payroll Action Request, or a Special Payroll Processing System request to have funds posted to or removed from a participant's account. Depending on the request, NFC's payroll system will either refund or charge the agency for this amount. This action will generate either a positive record to post the money to the participant's account or a negative record to remove the funds from the participant's account. If the record rejects in TSP, it will be reflected on NFC's Error Report. After reviewing this report, NFC will analyze the participant's account and determine whether the funds should be removed or posted to the account. If only a portion of the record can be resubmitted to TSP based on the participant's account status, the remainder of the amount on the record will then be credited to or charged to the agency through CAPS.

CAPS Charges

Each month TSP sends NFC a list of charges/credits which have been applied to its TSP Clearing Account, which includes but is not limited to charges/credits related to breakage, negative adjustments and accounting adjustments. Once NFC has identified these charges/credits and determined a reimbursement/credit of funds is due, the charges/credits are applied to agencies' accounting through CAPS. The CAIS file, which is forwarded to agencies weekly, includes the applicable charges/credits.

These charges/credits are identified by a seven-position sequential reference number which begins with the Disbursing Office number **(*9*),** followed by the two-digit year in which the charge occurred (*XX*), a one-position identifier (*B/G*-breakage, *0 (numeric)*-accounting adjustments, *A*-negative adjustments), and a three-digit Journal Voucher number (*XXX*). For example: 904**B**411 indicates a breakage charge.

Please refer questions about CAPS charges to the Payroll Systems Control and Reconciliation Section at **504-426-1621** .

MARK J. HAZUDA, Director
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